

TOMPKINS COUNTY PUBLIC LIBRARY

Ithaca, New York

Report on Audit of Financial Statements

December 31, 2007 and 2006

TOMPKINS COUNTY PUBLIC LIBRARY
FOR THE YEARS ENDED 2007 and 2006

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INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Tompkins County Public Library
Ithaca, New York

We have audited the accompanying financial statements of the governmental activities and fund of the Tompkins County Public Library, a component unit of the County of Tompkins, and the Library's discretely presented component unit, as of and for the years ended December 31, 2007 and 2006, which collectively comprise the Library's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Tompkins County Public Library's management. Our responsibility is to express opinions on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities and fund of the Tompkins County Public Library and its discretely presented component unit, as of December 31, 2007 and 2006, and the results of its operations for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 19, 2008 on our consideration of the Tompkins County Public Library's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The Management's Discussion and Analysis is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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Our audits were conducted for the purpose of forming opinions on the financial statements taken as a whole. The supplementary financial information listed on pages 13 to 13a is presented for purposes of additional analysis and is not a required part of the financial statements of Tompkins County Public Library. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

May 19, 2008
Ithaca, New York

Cisacki, Dietzenhagen, Little, Pfeilschmidt & Company LLP

**TOMPKINS COUNTY PUBLIC LIBRARY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2007 and 2006**

The following is a discussion and analysis of the Library's financial performance for the fiscal year ended December 31, 2007. This section is a summary of the Library's financial activities based on currently known facts, decisions, or conditions. It is also based on both the Government-wide and fund-based financial statements. The results of the current year are discussed in comparison with the prior year, with an emphasis placed on the current year. The Management's Discussion and Analysis (MD&A) section is only an introduction and should be read in conjunction with the Library's financial statements, which immediately follow this section.

COMPONENT UNIT

During the year ended December 31, 2004, the Library implemented Governmental Accounting Standards Board (GASB) Statement No. 39, "Determining Whether Certain Organizations are Component Units." This statement amends GASB Statement No. 14, "The Financial Reporting Entity," to provide additional guidance to determine whether certain organizations for which the Library is not financially accountable should be reported as component units based on the significance of their relationship with the Library. The decision to include potential component units in the Library's reporting entity is based on several criteria including legal standing, fiscal dependency and financial accountability. Based on these criteria, the Library includes one separate legal entity in its report - the Tompkins County Public Library Foundation, Inc. Although legally separate, this organization is reported as a discretely presented component unit.

FINANCIAL HIGHLIGHTS

- Revenues exceeded expenses in 2007 by \$291,684 compared to 2006, when expenses exceeded revenues by \$19,657. This is primarily the result of increased support from Tompkins County and efforts by the Library to constrain expenditures.
- Net assets for the year ended December 31, 2007 were \$1,653,302 reflecting an increase from net assets of \$1,361,618 at December 31, 2006, for the reason stated above. The Library's net assets for the year ended December 31, 2006 decreased \$19,657 from \$1,381,275 to \$1,361,618; primarily due to increased health insurance expenses.
- Total fund balance of \$722,696 in the General Fund showed an increase of \$388,638 in 2007, from \$334,058 in 2006, and \$295,267 in 2005. Of the \$722,696, a total of \$44,109 is appropriated to support the 2007 budget and \$24,661 is reserved for equipment replacement, leaving a net unappropriated, unreserved balance of \$653,926 or approximately 19.0% of appropriations budgeted for 2008.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of two parts: MD&A (this section) and the basic financial statements and supplementary information. The basic financial statements present different views of the Library.

- The Statement of Net Assets and the Statement of Activities columns shown in the financial statements provide both short-term and long-term information about the Library's overall financial status.
- The Governmental Fund type columns are fund financial statements with a short-term, or current, focus. They do not contain balances of capital assets or long-term liabilities and report only transactions involving these long-term assets and liabilities that occurred during the reporting period.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data, as well as budgetary comparison information for the General Fund.

TOMPKINS COUNTY PUBLIC LIBRARY
MANAGEMENT'S DISCUSSION AND ANALYSIS
(CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2007 and 2006

Statement of Net Assets and Statement of Activities Columns

The Statement of Net Assets and Statement of Activities columns in the basic financial statements report information about the Library as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Assets includes all of the Library's assets and liabilities. All of the current year's revenues and expenses are accounted for in the Statement of Activities regardless of when cash is received or paid.

These two columns in the basic financial statements report the Library's net assets and how they have changed. Net assets - the difference between the Library's assets and liabilities - is one way to measure the Library's financial health or position. Over time, increases or decreases in the Library's net assets are an indicator of whether its financial position is improving or deteriorating, respectively.

Governmental Fund Type Columns

The Governmental Fund type columns are accounting devices the Library uses to keep track of specific sources of funding and spending. The Library's basic services are included in Governmental Funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year end that are available for spending. Consequently, the Governmental Fund columns provide a detailed short-term view that helps one determine whether there are more or fewer financial resources that can be spent in the near future to finance the Library's programs. Because this information does not encompass the additional long-term focus of the Statement of Net Assets and Statement of Activities columns, additional information in the notes to the financial statements explains the relationship (or differences) between them.

FINANCIAL ANALYSIS OF THE LIBRARY AS A WHOLE

Our analysis below focuses on the net assets (*Figure 1*) and changes in net assets (*Figure 2*) of the Library's Governmental Activities.

Figure 1

Condensed Statement of Net Assets	Governmental Activities and Total Library		
	Restated 2005	2006	2007
<i>Current assets</i>	\$ 411,994	\$ 483,132	\$ 849,321
<i>Capital assets, net</i>	1,184,361	1,136,159	1,034,721
Total assets	1,596,355	1,619,291	1,884,042
<i>Current liabilities</i>	116,727	149,074	126,625
<i>Noncurrent liabilities</i>	98,353	108,599	104,115
Total liabilities	215,080	257,673	230,740
<i>Invested in capital assets, net of debt</i>	1,184,361	1,136,159	1,034,721
<i>Unrestricted net assets</i>	191,914	225,459	618,581
Total net assets	\$ 1,381,275	\$ 1,361,618	\$ 1,653,302

The increase in current assets in 2007 is largely due to results from operations for the year. Net capital assets and invested in capital assets, net of related debt, decreased in 2006 and 2007 because depreciation expense exceeded the amount of capital outlay during 2006 and 2007. The net effect of the Library's activities resulted in an increase in unrestricted net assets of \$33,545 at December 31, 2006 and an increase of \$393,122 at December 31, 2007.

TOMPKINS COUNTY PUBLIC LIBRARY
MANAGEMENT'S DISCUSSION AND ANALYSIS
(CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2007 and 2006

Our analysis in *Figure 2* considers the operations of the Library's activities.

Figure 2

Changes in Net Assets	Governmental Activities and Total Library		
	2005	2006	2007
Revenues:			
State sources	\$ 49,670	\$ 31,515	\$ 40,771
Tompkins County support	2,169,999	2,303,045	2,603,422
City of Ithaca support	9,770	11,093	11,654
CLD grant	105,000	105,000	105,000
Friends of the Library	238,921	243,311	270,000
Library Foundation	206,212	206,569	150,512
Library charges	114,972	112,705	113,506
Other revenue	31,244	38,651	76,914
Total revenues	2,925,788	3,051,889	3,371,779
Expenses:			
Personnel expenses	2,224,787	2,243,752	2,234,820
Insurance, repairs and maintenance	48,813	42,981	37,399
Supplies and materials	53,295	59,152	61,187
Telephone, postage and printing	32,580	32,818	35,408
Finger Lakes Library System services	70,000	70,000	57,800
Professional dues and fees	173,601	168,385	199,491
Depreciation	531,865	438,307	441,431
Other expenses	24,400	16,151	12,559
Total expenses	3,159,341	3,071,546	3,080,095
(DECREASE) INCREASE IN NET ASSETS	\$ (233,553)	\$ (19,657)	\$ 291,684

Total revenues for the Library's Governmental Activities increased in 2007 by \$319,890, or 10.5%, while total expenses decreased \$8,549 or 0.3%. The increase in revenues was primarily the result of an increase in funding from Tompkins County, which included increases in the base appropriations to finance pay increases. The decrease in expenditures was primarily due to a decrease in Finger Lakes Library Services contractual expenditures, offset by an increase in professional service fees. Additionally, personnel expenses have not increased in proportion to the funding from the County, due to ongoing contract negotiations.

In 2006, total revenues increased by \$126,101, or 4.31%, while total expenses decreased \$87,795 or 2.78%. The increase in revenues was primarily the result of an increase in funding from Tompkins County. The decrease in expenditures was primarily due to a decrease in depreciation expense of \$93,558. Personnel expenses were up \$18,965 in total, while health insurance costs increased \$51,602.

TOMPKINS COUNTY PUBLIC LIBRARY
 MANAGEMENT'S DISCUSSION AND ANALYSIS
 (CONTINUED)
 FOR THE YEARS ENDED DECEMBER 31, 2007 and 2006

Figures 3, 4 and 5 present the sources of revenue for 2007, 2006 and 2005.

Figure 3

Sources of Revenue for 2007

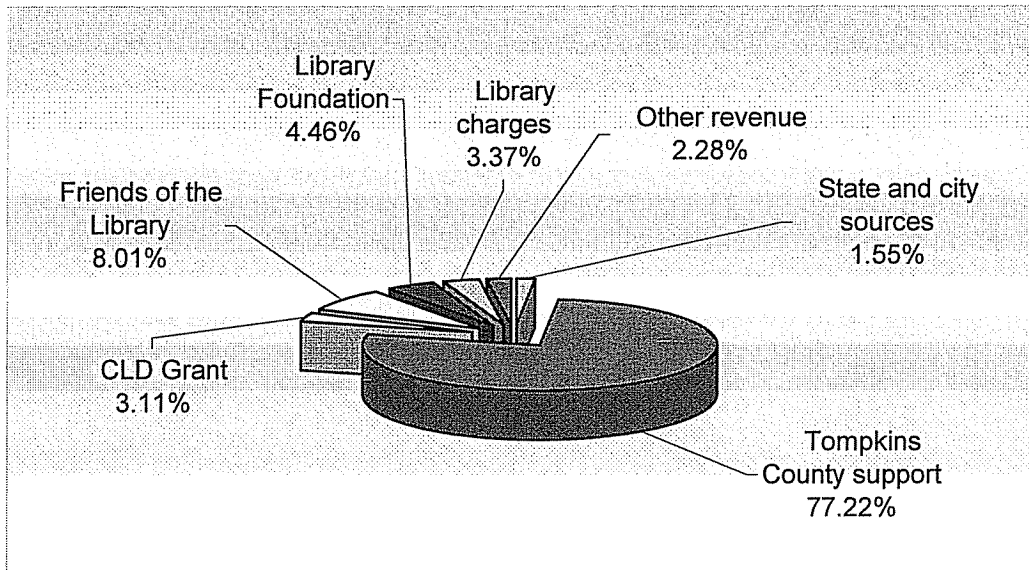
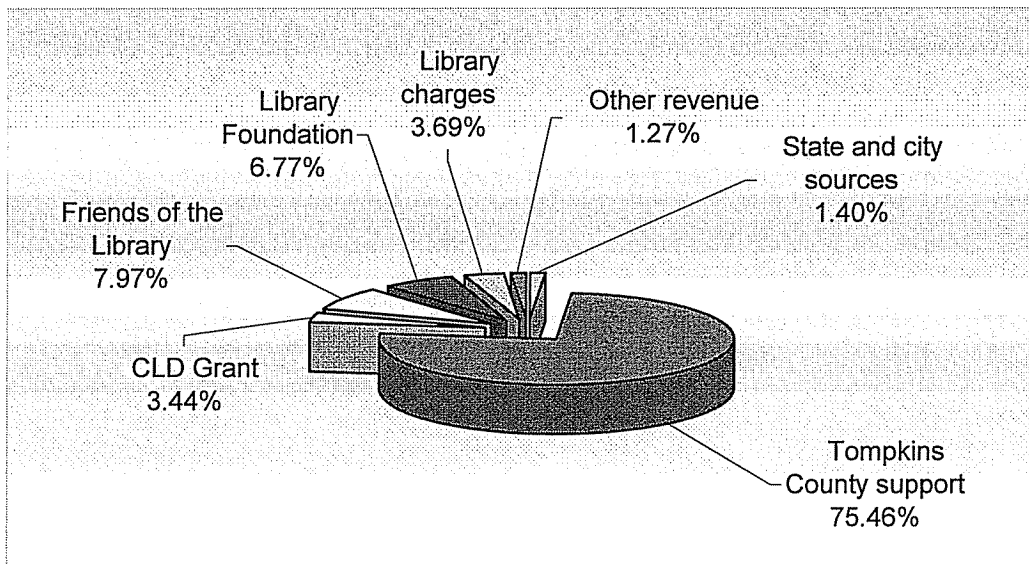


Figure 4

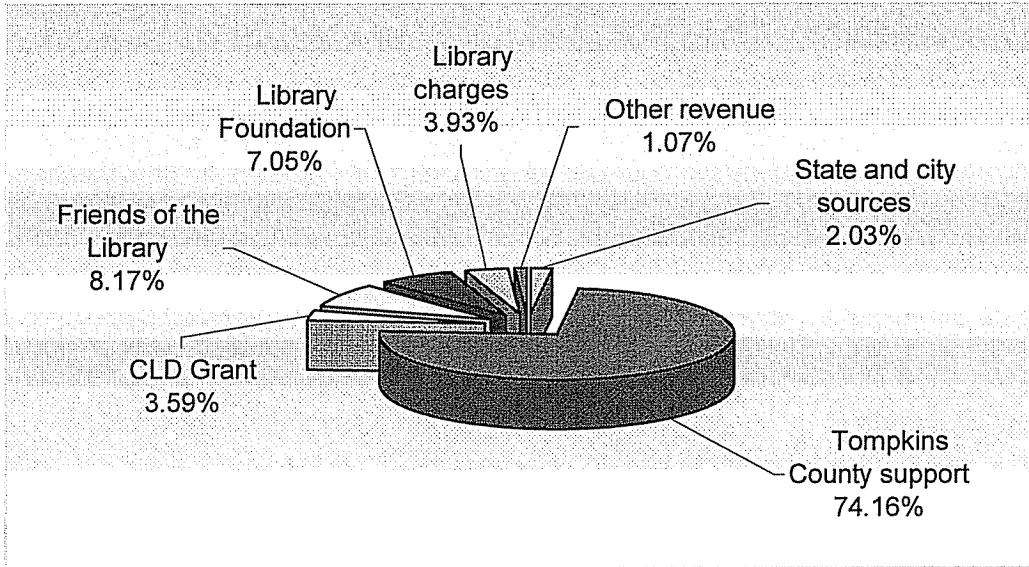
Sources of Revenue for 2006



TOMPKINS COUNTY PUBLIC LIBRARY
 MANAGEMENT'S DISCUSSION AND ANALYSIS
 (CONTINUED)
 FOR THE YEARS ENDED DECEMBER 31, 2007 and 2006

Figure 5

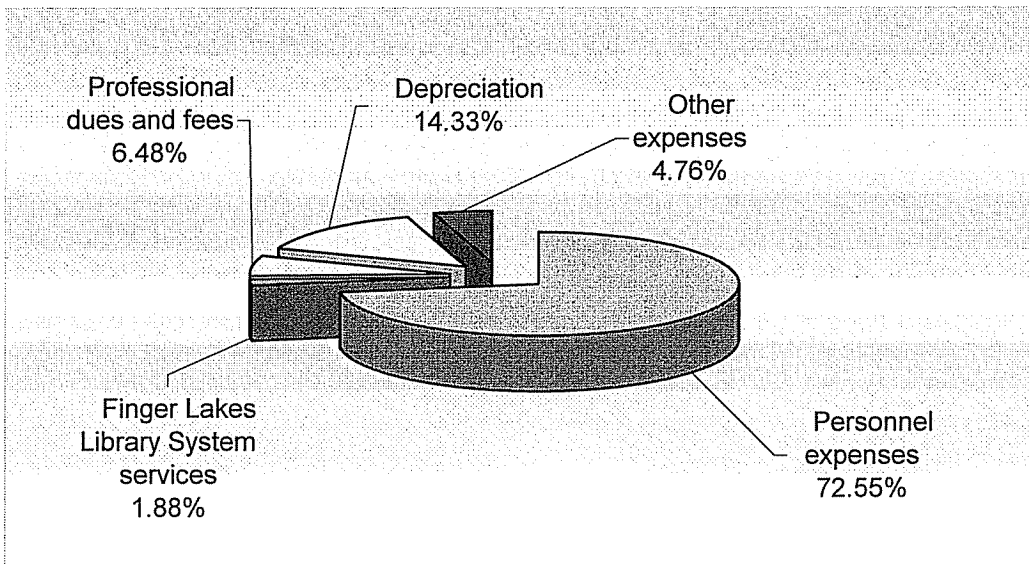
Sources of Revenue for 2005



Figures 6, 7 and 8 present the expenses of the Library for the years ended December 31, 2007, 2006 and 2005.

Figure 6

Expenses 2007



TOMPKINS COUNTY PUBLIC LIBRARY
MANAGEMENT'S DISCUSSION AND ANALYSIS
(CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2007 and 2006

Figure 7
Expenses 2006

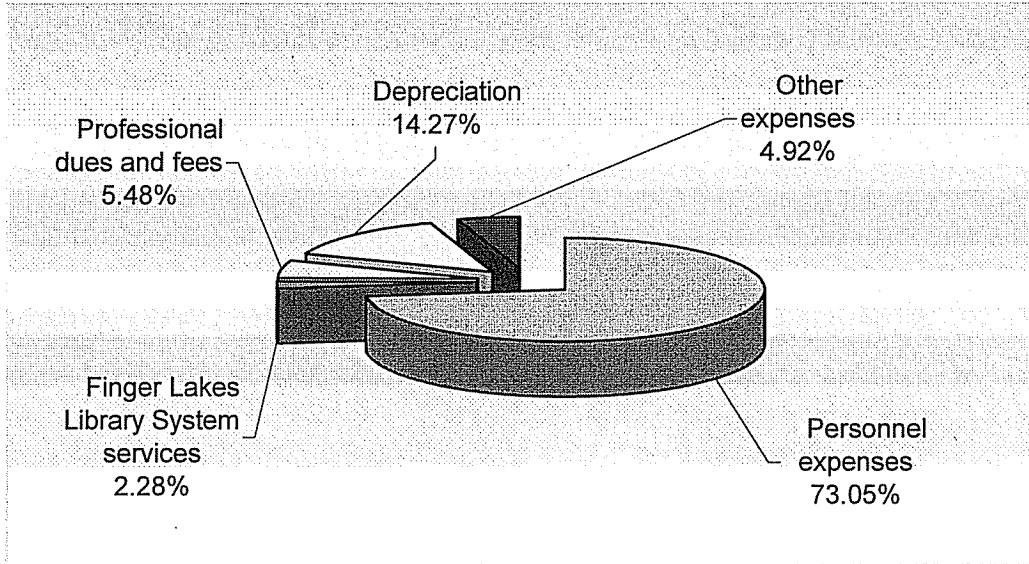
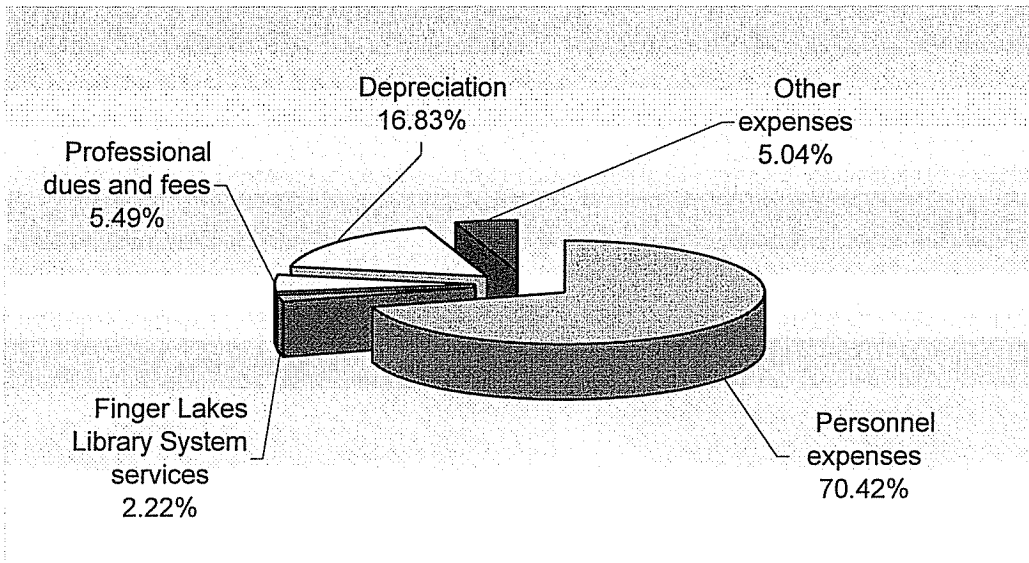


Figure 8
Expenses 2005



TOMPKINS COUNTY PUBLIC LIBRARY
 MANAGEMENT'S DISCUSSION AND ANALYSIS
 (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2007 and 2006

FINANCIAL ANALYSIS OF THE LIBRARY'S GENERAL FUND

As the Library completed the year ended December 31, 2007, the General Fund reported a combined fund balance of \$722,696, which is greater than last year's total of \$334,058. Unreserved, unappropriated fund balance was \$653,926 at year end, which is 19.0% of the operating expenditures budgeted for 2008. In 2008, this falls slightly above the maximum of the 5 to 15% the Government Finance Officer's Association recommends for general-purpose governments, which management believes is appropriate for the Library as well. A significant portion of the fund balance includes funds for an anticipated, one-time, retroactive payment to employees to be determined upon the finalization of contract negotiations. Unreserved, unappropriated fund balance at December 31, 2006 was \$226,057, which was 7.0% of the 2007 budgeted operating expenditures. The increase in the unreserved, unappropriated fund balance reflects, in part, a Trustee policy decision to reverse the trend of drawing down this limited balance for ongoing operations. The amount designated for the subsequent year's expenditures was \$44,109 in 2007, as compared to \$84,000 in 2006. The Library's 2006 General Fund combined fund balance increased \$38,791 from \$295,267 to \$334,058.

CAPITAL ASSET ADMINISTRATION

Capital Assets

At the end of December 31, 2007, the Library had invested in various types of equipment and machinery. Figure 9 shows the amount invested in capital assets net of accumulated depreciation and shows a net decrease of \$48,202, or 6.8%, in 2006 and \$101,438, or 8.9%, in 2007. There were additions of \$125,034 and \$52,162 in equipment and \$265,071 and \$287,831 in the collection for the years ended 2006 and 2007, respectively. There were retirements of \$135,102 and \$139,001 in the collection and no retirements of equipment during either year. However, during 2007 a complete physical inventory was taken and equipment was reclassified to reflect the inventory results.

Figure 9

<i>Changes in Net Capital Assets</i>	<i>Governmental Activities and Total Library</i>		
	<i>Restated 2005</i>	<i>2006</i>	<i>2007</i>
<i>Equipment</i>	\$ 483,943	\$ 477,088	\$ 392,108
<i>Collection</i>	700,418	659,071	642,613
<i>Total</i>	\$ 1,184,361	\$ 1,136,159	\$ 1,034,721

FACTORS BEARING ON THE LIBRARY'S FUTURE

- The Library does not anticipate any significant changes in state or local aid for the year ended December 31, 2008.
- The level of support from the Tompkins County Public Library Foundation, the Friends of the Library, and the Finger Lakes Library System for 2008 is expected to approximate 2007.
- The Library continues to explore options to increase library revenues, with the goal of arresting the negative trends in collection and equipment assets and more fully supporting the delivery of services. In the interim, management steps have been taken to balance the annual operating budget to permit maintenance of an unreserved, unappropriated fund balance of between five percent of budgeted operating revenues and one month's operating expenditures.
- Union negotiations with both the professional and support staff (UAW Local 2300) are expected to be completed by the end of 2008, which will impact compensation and benefit costs.

TOMPKINS COUNTY PUBLIC LIBRARY
MANAGEMENT'S DISCUSSION AND ANALYSIS
(CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2007 and 2006

- Current State budget deficits may have an adverse impact on County finances, which, in turn, may be a factor in the level of increase the County can support for future Library budgets.

CONTACTING THE LIBRARY'S FINANCIAL MANAGEMENT

This financial report is designed to provide the Library's citizens, customers, investors, and creditors with a general overview of the Library's finances and to demonstrate the Library's accountability for the funds it receives. If you have questions about this report or need additional financial information, contact the Business Office, Tompkins County Public Library, at 101 East Green Street, Ithaca, NY 14850.

TOMPKINS COUNTY PUBLIC LIBRARY
 GOVERNMENTAL FUNDS BALANCE SHEETS/STATEMENTS OF NET ASSETS
DECEMBER 31,

	2007		
<u>ASSETS</u>	General Fund	Adjustments	Statement of Net Assets
Current Assets:			
Cash and cash equivalents	\$ 112,939	\$	\$ 112,939
Investments	580,852		580,852
Accounts receivable	154,836		154,836
Prepays	694		694
Total Current Assets	849,321	-0-	849,321
Capital assets, net of accumulated depreciation of \$4,997,084 in 2007 and \$5,108,539 in 2006		1,034,721	1,034,721
Total Assets	\$ 849,321	\$ 1,034,721	\$ 1,884,042
 <u>LIABILITIES</u>			
Current Liabilities:			
Accounts payable	\$ 55,943	\$	\$ 55,943
Accrued liabilities	70,682		70,682
Total Current Liabilities	126,625	-0-	126,625
Compensated absences		104,115	104,115
Total Liabilities	126,625	104,115	230,740
 <u>FUND BALANCES/NET ASSETS</u>			
Fund Balances:			
Reserved for:			
Equipment	24,661	(24,661)	-0-
Total Reserved	24,661	(24,661)	-0-
Unreserved:			
Appropriated - Ensuing year's budget	44,109	(44,109)	-0-
Unappropriated	653,926	(653,926)	-0-
Total Unreserved	698,035	(698,035)	-0-
Total Fund Balance	722,696	(722,696)	-0-
Total Liabilities and Fund Balances	\$ 849,321		
Net Assets:			
Invested in capital assets, net of related debt		1,034,721	1,034,721
Unrestricted		618,581	618,581
Total Net Assets		\$ 1,653,302	\$ 1,653,302

See Independent Auditor's Report and Notes to Financial Statements

2006

General Fund	Adjustments	Statement of Net Assets
\$ 49,223	\$	\$ 49,223
225,000		225,000
208,909		208,909
<hr/>		<hr/>
483,132	-0-	483,132
<hr/>	1,136,159	1,136,159
<hr/>		<hr/>
\$ <u>483,132</u>	\$ <u>1,136,159</u>	\$ <u>1,619,291</u>
\$ 85,880	\$	\$ 85,880
63,194		63,194
<hr/>		<hr/>
149,074	-0-	149,074
<hr/>	108,599	108,599
<hr/>		<hr/>
149,074	108,599	257,673
<hr/>		<hr/>
24,001	(24,001)	-0-
<hr/>		<hr/>
24,001	(24,001)	-0-
<hr/>		<hr/>
84,000	(84,000)	-0-
226,057	(226,057)	-0-
<hr/>		<hr/>
310,057	(310,057)	-0-
<hr/>		<hr/>
334,058	(334,058)	-0-
<hr/>		<hr/>
\$ <u>483,132</u>		
	1,136,159	1,136,159
	225,459	225,459
	<hr/>	<hr/>
	\$ <u>1,361,618</u>	\$ <u>1,361,618</u>

TOMPKINS COUNTY PUBLIC LIBRARY
TOMPKINS COUNTY PUBLIC LIBRARY FOUNDATION, INC.
(DISCRETELY PRESENTED COMPONENT UNIT)
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31,

ASSETS

	<u>2007</u>	<u>2006</u>
Current Assets:		
Cash and cash equivalents	\$ 92,544	\$ 90,976
Accounts receivable	87,426	68,424
Unconditional promises to give	<u>46,571</u>	<u>78,600</u>
Total Current Assets	<u>226,541</u>	<u>238,000</u>
Long-term investments	985,559	952,900
Long-term unconditional promises to give, net	172,673	99,856
Equipment, net of accumulated depreciation of \$12,802 in 2007 and \$11,889 in 2006	<u>1,905</u>	<u>876</u>
Total Assets	<u>\$ 1,386,678</u>	<u>\$ 1,291,632</u>

LIABILITIES AND NET ASSETS

Current Liabilities:		
Accounts payable - Tompkins County Public Library	\$ 150,512	\$ 206,569
Accounts payable and accrued liabilities	<u>8,280</u>	<u>10,097</u>
Total Current Liabilities	<u>158,792</u>	<u>216,666</u>
Net Assets:		
Unrestricted:		
Board designated	406,922	353,608
Undesignated	<u>163,644</u>	<u>129,953</u>
Total Unrestricted	570,566	483,561
Temporarily restricted	241,176	201,262
Permanently restricted	<u>416,144</u>	<u>390,143</u>
Total Net Assets	<u>1,227,886</u>	<u>1,074,966</u>
Total Liabilities and Net Assets	<u>\$ 1,386,678</u>	<u>\$ 1,291,632</u>

See Independent Auditor's Report and Notes to Financial Statements

TOMPKINS COUNTY PUBLIC LIBRARY
STATEMENTS OF GOVERNMENTAL FUND REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES/STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31,

	2007		
	General Fund	Adjustments	Statement of Activities
Revenue:			
State source	\$ 40,771	\$	\$ 40,771
Tompkins County	2,603,422		2,603,422
City of Ithaca	11,654		11,654
CLD grant	105,000		105,000
Friends of TCPL	270,000		270,000
TCPL Foundation	150,512		150,512
Gifts and donations		2,400	2,400
Library charges	113,506		113,506
Use of money and property	31,271		31,271
Other revenue	43,243		43,243
Total Revenue	3,369,379	2,400	3,371,779
Expenditures:			
Salaries	1,568,933	(4,484)	1,564,449
Fringe benefits	285,686		285,686
Health insurance	384,685		384,685
Books	213,951	(213,951)	-0-
Periodicals	10,884		10,884
AV/CD ROM materials	71,480	(71,480)	-0-
Insurance	12,370		12,370
Repairs and maintenance	40,329	(15,300)	25,029
Supplies and materials	38,375		38,375
Telephone	14,634		14,634
Postage	6,319		6,319
Finger Lakes Library System services	57,800		57,800
Professional fees	197,864		197,864
Membership dues	1,627		1,627
Equipment	48,790	(36,862)	11,928
Staff development	5,360		5,360
Publicity and printing	14,455		14,455
Depreciation		441,431	441,431
Miscellaneous	7,199		7,199
Total Expenditures	2,980,741	99,354	3,080,095
Excess of Revenues Over (Expenditures)	388,638	(96,954)	291,684
Fund Balances/Net Assets			
January 1,	334,058	1,027,560	1,361,618
December 31,	\$ 722,696	\$ 930,606	\$ 1,653,302

See Independent Auditor's Report and Notes to Financial Statements

2006

General Fund	Adjustments	Statement of Activities
\$ 31,515	\$	\$ 31,515
2,303,045		2,303,045
11,093		11,093
105,000		105,000
243,311		243,311
206,569		206,569
	2,400	2,400
112,705		112,705
24,011		24,011
12,240		12,240
3,049,489	2,400	3,051,889
1,556,319	10,246	1,566,565
302,338		302,338
374,849		374,849
193,327	(193,327)	-0-
10,794		10,794
69,344	(69,344)	-0-
12,010		12,010
30,971		30,971
45,549		45,549
15,044		15,044
7,948		7,948
70,000		70,000
167,109		167,109
1,276		1,276
127,843	(125,034)	2,809
6,400		6,400
9,826		9,826
	438,307	438,307
9,751		9,751
3,010,698	60,848	3,071,546
38,791	(58,448)	(19,657)
295,267	1,086,008	1,381,275
\$ 334,058	\$ 1,027,560	\$ 1,361,618

TOMPKINS COUNTY PUBLIC LIBRARY
TOMPKINS COUNTY PUBLIC LIBRARY FOUNDATION, INC.
(DISCRETELY PRESENTED COMPONENT UNIT)
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31,

	2007			Total
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	
Support:				
Contributions	\$ 184,730	\$ 124,867	\$ 26,001	\$ 335,598
Grants/Other	155			155
Revenues:				
Interest income	101			101
Dividend income	827	20,677		21,504
Capital gain dividends	46,939			46,939
Gain on sale of investments	53,288			53,288
Unrealized (loss) gain on fair value of investments	(42,400)			(42,400)
In-kind contributions	8,506			8,506
Net assets released from restrictions	105,630	(105,630)		-0-
Total Support and Revenues	<u>357,776</u>	<u>39,914</u>	<u>26,001</u>	<u>423,691</u>
Expenses:				
Salaries	67,384			67,384
Employee benefits and taxes	5,756			5,756
Professional services	7,049			7,049
Printing	363			363
Equipment	284			284
Fundraising	13,355			13,355
Depreciation	913			913
Office supplies and postage	591			591
Insurance	2,413			2,413
Bank and other fees	11,610			11,610
Uncollectible pledges	2,328			2,328
In-kind materials	1,988			1,988
In-kind services	6,225			6,225
Referendum				-0-
Tompkins Co. Public Library Support	150,512			150,512
Total Expenses	<u>270,771</u>	<u>-0-</u>	<u>-0-</u>	<u>270,771</u>
CHANGE IN NET ASSETS	87,005	39,914	26,001	152,920
Net Assets, January 1,	<u>483,561</u>	<u>201,262</u>	<u>390,143</u>	<u>1,074,966</u>
Net Assets, December 31,	<u>\$ 570,566</u>	<u>\$ 241,176</u>	<u>\$ 416,144</u>	<u>\$ 1,227,886</u>

See Independent Auditor's Report and Notes to Financial Statements

2006

<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
\$ 107,126	\$ 184,875	\$ 3,651	\$ 295,652
208			208
82			82
(1,365)	19,326		17,961
34,197			34,197
31,869			31,869
40,301			40,301
7,095			7,095
275,142	(275,142)		-0-
<u>494,655</u>	<u>(70,941)</u>	<u>3,651</u>	<u>427,365</u>
68,775			68,775
6,156			6,156
5,432			5,432
1,061			1,061
			-0-
15,336			15,336
479			479
1,029			1,029
2,413			2,413
9,041			9,041
410			410
2,423			2,423
2,600			2,600
20,201			20,201
206,569			206,569
<u>341,925</u>	<u>-0-</u>	<u>-0-</u>	<u>341,925</u>
152,730	(70,941)	3,651	85,440
330,831	272,203	386,492	989,526
<u>\$ 483,561</u>	<u>\$ 201,262</u>	<u>\$ 390,143</u>	<u>\$ 1,074,966</u>

TOMPKINS COUNTY PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2007 and 2006

Note 1 - Summary of Significant Accounting Policies

The basic financial statements of the Tompkins County Public Library have been prepared in conformity with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The more significant of the Library's accounting policies are described below.

A. Reporting Entity

The Tompkins County Public Library is a component unit of the County of Tompkins. The Library was established in 1968 by the Tompkins County Board of Supervisors and granted a charter by the State Board of Regents as provided in Article 5 of the Education Law. The Tompkins County Legislature appoints trustees; raises taxes for Library purposes; has title to real property used by the Library; and issues all Library indebtedness, which is supported by the full faith and credit of the County of Tompkins.

The Tompkins County Public Library was established to provide public access to various published mediums, including books, periodicals, reference materials, and various audiovisual materials. The Library is a member of the Finger Lakes Library System, which provides a cooperative network of libraries through which library resources may be acquired and exchanged. The Library is chartered to serve Tompkins County and, as a Central Library, is partially funded by New York State to extend services to residents of Cayuga, Seneca, Cortland, and Tioga Counties.

Discretely Presented Component Units

GASB Statement No. 39, "Determining Whether Certain Organizations are Component Units," as amended by GASB Statement No. 14, "The Financial Reporting Entity," provides additional guidance to determine whether certain organizations for which the Library is not financially accountable should be reported as component units based on the nature and significance of their relationship with the Library. The decision to include potential component units in the Library's reporting entity is based on several criteria including legal standing, fiscal dependency, and financial accountability. Based on the applications of these criteria, the following is included as a discretely presented component unit.

Tompkins County Public Library Foundation, Inc.

The Tompkins County Public Library Foundation, Inc. is a not-for-profit corporation established for the benefit of the Tompkins County Public Library. Three of the nine to fifteen directors of the Board of Directors are nominated by the Tompkins County Public Library Board. The Foundation solicits, accepts, holds, invests, reinvests, and administers any gifts, grants, bequests, contributions, devices, benefits or trusts, endowments and property of any kind without limitation of amount or value. Approximately three-quarters of the Foundation's assets are currently invested in endowment funds. The Foundation makes payments to the Library as pledges and other revenue are collected, and after operating expenses of the Foundation are paid.

B. Basis of Presentation - Fund Accounting

The Tompkins County Public Library basic financial statements include columns for Governmental Fund types prepared on the modified accrual basis of accounting (Balance Sheets and Statements of Revenues, Expenditures and Changes in Fund Balance), and columns for Governmental Activities prepared on the accrual basis of accounting (Statements of Net Assets and Statements of Activities).

TOMPKINS COUNTY PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENTS
(CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2007 and 2006

The Statement of Net Assets and the Statement of Activities present summaries of activities for the Library. The focus of these columns is more on the sustainability of the Library as an entity and the change in the Library's net assets from the current year's activities.

Fund Accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain governmental functions or activities.

The Tompkins County Public Library records its transactions in the fund types described below:

Fund Categories

Governmental Fund Types - those through which most governmental functions are financed. The acquisition, use and balances of expendable financial resources, and the related liabilities are accounted for through Governmental Funds. The measurement focus of the Governmental Funds is based upon determination of financial position and changes in financial position. The following is the Tompkins County Public Library's Governmental Fund Type:

General Fund - the principal operating fund which includes all operations not required to be recorded in other funds.

C. Basis of Accounting/Measurement Focus

Basis of accounting refers to when revenues and expenditures and the related assets and liabilities are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus. Measurement focus is the determination of what is measured, i.e. expenditures or expenses.

The Statement of Net Assets and the Statement of Activities are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash transaction takes place. Nonexchange transactions, in which the Library gives or receives value without directly receiving or giving equal value in exchange, include grants and donations. On an accrual basis, revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

The Governmental Fund statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The Library considers all revenues reported in the Governmental Funds to be available if the revenues are collected within six months after the end of the fiscal year.

Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in Governmental Funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

TOMPKINS COUNTY PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENTS
(CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2007 and 2006

D. Equity Classifications

Statement of Net Assets

- Invested in Capital Assets, Net of Related Debt
Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- Restricted Net Assets
Consists of net assets with constraints placed on their use either by 1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or 2) law through constitutional provisions or enabling legislation.
- Unrestricted Net Assets
Consists of all other net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

E. Vacation and Compensatory Absences

Tompkins County Public Library employees are granted vacation and earn compensatory absences in varying amounts. From two to four weeks of vacation time, depending upon length of employment, is earned by each full-time permanent and provisional employee. Benefits accrue upon commencement of employment. Upon termination of employment, employees are compensated for unused vacation time up to a maximum of two years. The value of these benefits is approximately \$104,115 and \$108,599 at December 31, 2007 and 2006, respectively.

F. Postemployment Benefits

The Tompkins County Public Library provides postemployment health insurance coverage to its retired employees in accordance with provisions governed by Tompkins County. The Tompkins County Public Library recognized its share of premiums for 15 retirees as health insurance expenditures of \$66,032 and \$61,982 for the periods ended December 31, 2007 and 2006, respectively.

G. Capital Assets

All capital assets are valued at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repair and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the estimated useful life of the asset.

H. Revenue

The major source of funding for the Tompkins County Public Library is appropriations from the Tompkins County government. The Library also receives contributions from the Tompkins County Public Library Foundation, Inc. and the Friends of Tompkins County Public Library. The County appropriations are a significant portion of the Library's support, representing 77% of total revenue, with contributions from the Foundation and Friends of the Library representing 4% and 8%, respectively.

TOMPKINS COUNTY PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENTS
(CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2007 and 2006

Note 2 - Detail Notes

A. Assets

1. Cash and Investments

The Tompkins County Public Library's investment policies are governed by state statutes. In addition, the Tompkins County Public Library follows its written investment policy. Tompkins County Public Library's monies must be deposited in FDIC-insured commercial banks or trust companies located within the state. The Treasurer is authorized to use demand accounts and certificates of deposit. Permissible investments include obligations of the U.S. Treasury and U.S. Agencies, repurchase agreements, and obligations of New York State or its localities.

Collateral (security) is required for demand and time deposits and certificates of deposit not covered by Federal Deposit Insurance at 105%. Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations of the state and its municipalities and school districts as set forth in the investment policy.

The written investment policy requires repurchase agreements be purchased from banks located within the state and underlying securities be obligations of the federal government. Underlying securities must have a market value of at least the cost of the repurchase agreements.

Cash and cash equivalents include all monies in banks and highly liquid investments with maturity dates of three months or less.

Custodial credit risk is the risk that in the event of a bank failure, the Library's deposits may not be returned to it. While the Library does not have a specific policy for custodial credit risk, New York State statutes govern the Library's investment policies, as discussed previously in these notes. Governmental Accounting Standards Board Statement No. 40 directs that deposits be disclosed as exposed to custodial credit risk if they are not covered by depository insurance, and the deposits are either uncollateralized or collateralized with securities held by the pledging financial institution's trust department or agent, but not in the Library's name.

The Library's aggregate bank balances of \$94,330 as well as investments of \$580,852, are either insured or collateralized with securities held by the pledging financial institution in the Library's name.

During 2007, the Library utilized repurchase agreements with Tompkins Trust Company in order to maximize interest earnings. Outstanding repurchase agreements at December 31 were:

2007	
Security	Book Value
FHLB due 3/2/2010	\$ 580,852
	580,852
2006	
Security	Book Value
FHLB due 2/15/2011	\$ 225,000
	225,000

TOMPKINS COUNTY PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENTS
(CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2007 and 2006

2. Accounts Receivable

Accounts receivable consisted of the following at December 31,:

	2007	2006
Due from TCPL Foundation	\$ 150,512	\$ 206,569
Other	4,324	2,340
Total Accounts Receivable	\$ 154,836	\$ 208,909

3. Capital Assets

All capital assets are valued at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. The Library recognizes equipment purchases or acquisitions as follows:

Category	Minimum Cost	Useful Life
Shelving	\$ 500	10 years
Library and office furniture	1,000	10 years
Library equipment-including telephone, 3M, and microfilm reader printers	500	5 years
Computers-including servers, routers and laser printers	700	5 years
Collection	N/A	5 years

Changes in capital assets are as follows:

	2007			
	Balance at 12/31/06	Additions	Reclass- ifications/ Retirements	Balance at 12/31/07
Historical Cost				
Equipment	\$ 1,611,319	\$ 52,162	\$ (413,885)	\$ 1,249,596
Collection	4,633,379	287,831	(139,001)	4,782,209
Total Historical Cost	6,244,698	339,993	(552,886)	6,031,805
Less Accumulated Depreciation:				
Equipment	1,134,231	137,142	(413,885)	857,488
Collection	3,974,308	304,289	(139,001)	4,139,596
Total Accumulated Depreciation	5,108,539	441,431	(522,886)	4,997,084
Total Capital Assets, Net	\$ 1,136,159	\$ (101,438)	\$ -0-	\$ 1,034,721

TOMPKINS COUNTY PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENTS
(CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2007 and 2006

	2006			
	Balance at 12/31/05	Additions	Retirements	Balance at 12/31/06
Historical Cost				
Equipment	\$ 1,486,285	\$ 125,034	\$ -0-	\$ 1,611,319
Collection	4,503,410	265,071	(135,102)	4,633,379
Total Historical Cost	5,989,695	390,105	(135,102)	6,244,698
Less Accumulated Depreciation:				
Equipment	1,002,342	131,889	(135,102)	1,134,231
Collection	3,802,992	306,418		3,974,308
Total Accumulated Depreciation	4,805,334	438,307	(135,102)	5,108,539
Total Capital Assets, Net	\$ 1,184,361	\$ (48,202)	\$ -0-	\$ 1,136,159

Depreciation on all capital assets is computed on the straight-line basis over the estimated useful lives of the assets.

During the year ended December 31, 2007, a complete physical inventory of Library assets was performed. As a result, certain fully depreciation assets were reclassified in order to reflect the results of the physical inventory.

Note 3 - Donated Services

The Library receives services from volunteers, but does not value, record, or report the value for such in the accompanying financial statements as they do not meet the requirements for reporting such services.

Note 4 - Related Parties

The Tompkins County Public Library received contributions of \$150,512 and \$206,569 from the Tompkins County Public Library Foundation, Inc. for the years ended December 31, 2007 and 2006, respectively.

The Tompkins County Public Library received contributions of \$270,000 and \$243,311 from the Friends of the Tompkins County Public Library for the years ended December 31, 2007 and 2006, respectively.

Tompkins County contributed \$2,603,422 and \$2,303,045 to the Library for the years ended December 31, 2007 and 2006, respectively. Additionally for 2007 and 2006, respectively, the County provided \$347,631 and \$281,020 worth of utilities, insurance, cleaning and maintenance and repairs; and \$489,748 and \$488,728 worth of debt service on the building occupied by the Library.

Note 5 - Labor Agreements

Agreements with the Tompkins County Public Library Professional Staff Association and the Tompkins County Public Library Support Staff Association expired December 31, 2005. No new agreements have been reached and the current impact of any subsequent agreements is not estimable at December 31, 2007.

TOMPKINS COUNTY PUBLIC LIBRARY
 BUDGETARY COMPARISON STATEMENTS FOR THE GENERAL FUND
 FOR THE YEARS ENDED DECEMBER 31,

2007

	Modified Budget	Actual	Encumbrances	Variance Fav.(Unfav.)
Revenue:				
State source	\$ 48,186	\$ 40,771	\$	\$ (7,415)
Tompkins County	2,603,422	2,603,422		-0-
City of Ithaca	12,000	11,654		(346)
CLD grant	105,000	105,000		-0-
Friends of TCPL	270,000	270,000		-0-
TCPL Foundation	150,512	150,512		-0-
Library charges	117,500	113,506		(3,994)
Use of money and property	12,000	31,271		19,271
Other revenues	10,856	43,243		32,387
Total Revenue	3,329,476	3,369,379	-0-	39,903
Expenditures:				
Salaries	1,621,793	1,568,933		52,860
Fringe benefits	310,552	285,686		24,866
Health insurance	405,000	384,685		20,315
Books	227,975	213,951		14,024
Periodicals	17,340	10,884		6,456
AV/CD ROM materials	89,958	71,480		18,478
Insurance	12,500	12,370		130
Repairs and maintenance	54,611	40,329		14,282
Supplies and materials	47,745	38,375		9,370
Telephone	14,660	14,634		26
Postage	8,000	6,319		1,681
Finger Lakes Library System services	58,000	57,800		200
Professional fees	242,451	197,864		44,587
Membership dues	1,650	1,627		23
Equipment	112,141	48,790		63,351
Staff development	10,000	5,360		4,640
Publicity and printing	21,795	14,455		7,340
Miscellaneous	31,700	7,199		24,501
Total Expenditures	3,287,871	2,980,741	-0-	307,130
Excess of Revenues Over (Under) Expenditures	41,605	388,638	\$ -0-	\$ 347,033
Appropriated Fund Balance	89,112			
Fund Balance, January 1,	-0-	334,058		
Fund Balance, December 31,	\$ 130,717	\$ 722,696		

See Independent Auditor's Report

2006

Modified Budget	Actual	Encumbrances	Variance Fav.(Unfav.)
\$ 41,400	\$ 31,515	\$	\$ (9,885)
2,303,045	2,303,045		-0-
11,093	11,093		-0-
105,000	105,000		-0-
243,311	243,311		-0-
206,569	206,569		-0-
121,750	112,705		(9,045)
6,000	24,011		18,011
1,600	12,240		10,640
<u>3,039,768</u>	<u>3,049,489</u>	<u>-0-</u>	<u>9,721</u>
1,612,153	1,556,319		55,834
336,505	302,338		34,167
379,555	374,849		4,706
203,581	193,327		10,254
15,996	10,794		5,202
70,795	69,344		1,451
12,010	12,010		-0-
35,170	30,971		4,199
45,608	45,549		59
15,130	15,044		86
7,950	7,948		2
70,000	70,000		-0-
173,240	167,109		6,131
1,350	1,276		74
146,812	127,843		18,969
6,401	6,400		1
10,840	9,826		1,014
22,285	9,751		12,534
<u>3,165,381</u>	<u>3,010,698</u>	<u>-0-</u>	<u>154,683</u>
<u>(125,613)</u>	<u>38,791</u>	<u>\$ -0-</u>	<u>\$ 164,404</u>
<u>125,613</u>			
<u>-0-</u>	<u>295,267</u>		
<u>\$ -0-</u>	<u>\$ 334,058</u>		

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**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER
MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Board of Trustees
Tompkins County Public Library
Ithaca, New York

We have audited the financial statements of the governmental activities and fund of the Tompkins County Public Library, a component unit of the County of Tompkins, and the Library's discretely presented component unit, as of and for the year ended December 31, 2007, which collectively comprise the Library's basic financial statements and have issued our report thereon dated May 19, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Tompkins County Public Library's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Library's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Tompkins County Public Library's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Library's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Library's financial statements that is more than inconsequential will not be prevented or detected by the Library's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Library's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Tompkins County Public Library's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance and other matters that are required to be reported under *Government Auditing Standards*.

However, we noted certain matters that we reported to the management of the Tompkins County Public Library, in a separate letter dated May 19, 2008.

This report is intended solely for the information and use of the Board of Trustees, management, Tompkins County, New York State, grantor agencies, and donors and is not intended to be and should not be used by anyone other than these specified parties.

Rischi, Dietschgen, Little, Milbauer & Company, CP

May 19, 2008
Ithaca, New York